

**REMARKS/ARGUMENTS**

This Amendment is responsive to the Office Action mailed December 18, 2009.

In this Amendment, claims 1, 9, 12, 21, 24-26, 42, and 48 have been amended. New claims 81, 82 are added. Claims 7, 8, 22, 23, 37-41, 67, and 80 have been canceled. Claims 1, 3-6, 9-12, 14-21, 24-29, 42-52, 60-65, 68, 69, and 76-79 are now pending and subject to examination.

A number of rejections are made in the Office Action. Each rejection is addressed in the order presented in the Office Action.

**I. 35 U.S.C. 103(a)**

Claims 1, 3-12, 14-29, 37-52, 60-65, 67-69 and 76-80 were rejected under 35 U.S.C. 103(a) as being unpatentable over Iannacci (US Patent Pub. No.2002/0062249, hereinafter "Iannacci") in view of Fernandez (US Patent Pub. No. 2001/0016827, hereinafter "Fernandez"). This rejection is traversed.

*A. Obviousness has not been established, since all claim limitations are not taught or suggested by the cited art.*

Obviousness has not been established, since all claim limitations are not taught or suggested by the cited art. Neither Iannacci nor Fernandez teaches or suggests a method comprising, *inter alia*, "determining an incentive parameter for each of the determined two or more incentives and using the incentive parameters to determine how the determined two or more incentives are to be applied to the transaction, wherein the incentive parameters comprise information indicating if an incentive is excluded from being redeemed in the transaction with another incentive" wherein "each product in the transaction is associated with a product identifier" as recited in independent claim 1. Independent claims 12, 21, 42, and 48 recite a similar limitation.

Iannacci is directed to a system that permits a consumer to select payment card incentives (e.g., cash back rewards, frequent flier miles) and a product-based incentive (e.g., coupon, discounts) to apply to a transaction. Iannacci discloses a means for selecting between multiple payment card incentives, such as determining whether to use Card A for frequent flier miles or to use Card B for cash back or both. Multiple payment card incentives may also be combined with a single product based incentive. However, Iannacci does not disclose analyzing incentive parameters that may *exclude* one incentive from being redeemed with another incentive. For example, Coupon A may have an incentive parameter stating that it cannot be combined with another coupon or can be combined with all coupons but Coupon B.

The Examiner cites Iannacci at ¶¶277-¶282 as disclosing the capability of whether incentives can be combined. However, the cited paragraphs only disclose the use of multiple payment card incentives by splitting up a payment across multiple payment cards, and do not discuss incentive parameters that may exclude the use of one incentive with another incentive.

In contrast, embodiments of the invention can derive combinations of coupon grouping, given that some incentives exclude others, to calculate an optimal combination of incentives.

Thus, it is clear that Iannacci and Fernandez only describe stacking incentives that do not exclude the redemption of other incentives in the same transaction. Accordingly, obviousness has not been established for independent claims 1, 10, 12, 21, 42, and 48 or any claims dependent thereon.

*B. Obviousness has not been established, since modifying Iannacci with Fernandez would have rendered Iannacci unsuitable for its intended purpose*

Obviousness has not been established, since modifying Iannacci with Fernandez would have rendered Iannacci unsuitable for its intended purpose. If a proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification. *In re Gordon*, 733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984). MPEP 2143.01.

Here, the Examiner argues that Iannacci and Fernandez can be combined to “allow loyalty programs to run in standalone (i.e. offline) point of sale terminals, as taught by Fernandez in order to eliminate the necessity to maintain continuous contact or access between point of sale terminals and a central server when administering a loyalty program.” See page 3 of the Office Action. However, the read / write point of sale terminals of Fernandez were designed to operate entirely offline, without a central server altogether (Fernandez, Fig. 1). Fernandez paragraph 27 states, regarding the read / write point of sale terminals, “online operation is not needed for secure operation” and that online operation is “redundant operation.” The read / write point of sale terminals of Fernandez never need to access a central server. The read / write terminals were able to operate without a server because all relevant data was stored on a portable card, where the read / write point of sale terminals merely read and changed the values stored on the card to effect a transaction.

In contrast, Iannacci requires communication with various incentive providers and a central server to maintain an updated list of valid incentives, including *post hoc* incentives, to apply to a transaction. The system of Iannacci queries a central server at the time of transaction. Thus, the combination of Iannacci and the offline read / write point of sale terminals of Fernandez would not be able to access updated incentive data and would not be able to apply incentives to a transaction, as in Iannacci. Since modifying Iannacci with Fernandez in the manner proposed by the Examiner would have defeated the primary purposes of Iannacci, obviousness has not been established for this additional reason.

C. *Obviousness has not been established, since the reason to combine is not in the prior art.*

Lastly, obviousness has not been established, since the reason to combine is not in the prior art. As explained by the Court of Appeals for the Federal Circuit, the teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and must not be based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991). MPEP 2142. Here, the alleged reason to combine “allow loyalty programs to run in standalone (i.e. offline) point of sale terminals, as taught by

Fernandez in order to eliminate the necessity to maintain continuous contact or access between point of sale terminals and a central server when administering a loyalty program” is not suggested by the cited art. Accordingly, obviousness has not been established for independent claims 1, 10, 12, 21, 42, and 48 or any claims dependent thereon.

**CONCLUSION**

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

Further, the Commissioner is hereby authorized to charge any additional fees or credit any overpayment in connection with this paper to Deposit Account No. 20-1430.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 415-576-0200.

Respectfully submitted,

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